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JINHUI HOLDINGS COMPANY LIMITED

金輝集團有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 137

VERY SUBSTANTIAL ACQUISITION ACQUISITION OF TWO VESSELS

The Board is pleased to announce that on 28 June 2024, the First Purchaser and the Second Purchaser, both are approximately 55.69% indirectly owned subsidiaries of the Company, entered into the First Shipbuilding Contract and the Second Shipbuilding Contract respectively with the Seller, pursuant to which the Seller agreed to build and sell the First Vessel and the Second Vessel respectively, each at a contract price of US\$34,000,000 (approximately HK\$265,200,000). The total contract price of the First Vessel and the Second Vessel is US\$68,000,000 (approximately HK\$530,400,000). The First Vessel and the Second Vessel will be delivered to the First Purchaser and the Second Purchaser on or before 31 December 2026 and 30 November 2027 respectively.

IMPLICATIONS UNDER THE LISTING RULES

Under the Listing Rules, each of the First Shipbuilding Contract and the Second Shipbuilding Contract constitutes a major transaction of the Company. Furthermore, as one or more of the applicable percentage ratios defined under the Listing Rules in respect of the First Shipbuilding Contract and the Second Shipbuilding Contract, in aggregate, constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The General Meeting will be convened and held by the Company for the purpose of, among other things, considering, and if thought fit, to seek the Shareholders' approval of the First Shipbuilding Contract and the Second Shipbuilding Contract and the transactions contemplated thereunder. A circular containing, among other things, (i) further information on the First Shipbuilding Contract and the Second Shipbuilding Contract and the transactions contemplated thereunder, (ii) the notice of the General Meeting, and (iii) other information as required to be disclosed under the Listing Rules. The circular is expected to be despatched to the Shareholders on or before 22 July 2024 in accordance with the Listing Rules.

THE ACQUISITION OF TWO VESSELS

The Board is pleased to announce that on 28 June 2024, the First Purchaser and the Second Purchaser, both are approximately 55.69% indirectly owned subsidiaries of the Company, entered into the First Shipbuilding Contract and the Second Shipbuilding Contract respectively with the Seller, pursuant to which the Seller agreed to build and sell the First Vessel and the Second Vessel respectively, each at a contract price of US\$34,000,000 (approximately HK\$265,200,000). The total contract price of the First Vessel and the Second Vessel is US\$68,000,000 (approximately HK\$530,400,000). The First Vessel and the Second Vessel will be delivered to the First Purchaser and the Second Purchaser on or before 31 December 2026 and 30 November 2027 respectively.

The First Shipbuilding Contract and the Second Shipbuilding Contract are separate and not inter-conditional of each other. The First Shipbuilding Contract and the Second Shipbuilding Contract are negotiated with the Seller under the same vessel specifications and contract prices although the delivery dates of the First Vessel and the Second Vessel are differed. The delivery times of the First Vessel and the Second Vessel are arranged in accordance to the availability of berth space and building schedule of the Seller's shipyard.

INFORMATION ON THE PARTIES

The First Purchaser

The First Purchaser is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 55.69% owned subsidiary of the Company as at date of this announcement. The principal activities of the First Purchaser are ship owning and chartering.

The Second Purchaser

The Second Purchaser is a ship owning company and a wholly-owned subsidiary of Jinhui Shipping, which is in turn an approximately 55.69% owned subsidiary of the Company as at date of this announcement. The principal activities of the Second Purchaser are ship owning and chartering.

Seller

The Seller is Jiangsu Hantong Ship Heavy Industry Co. Ltd., a company incorporated in the People's Republic of China and has been established over 20 years. The principal activities of the Seller are shipbuilding, floating productions storages developments, designs, and manufacturing businesses. The Seller has successfully delivered more than 100 vessels, including oil tankers, bulk carriers, cargo carriers etc., to clients throughout the world. The ultimate beneficial owner of the Seller is Mr. Meng Chengjun.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Seller and its ultimate beneficial owner are Independent Third Parties.

THE SHIPBUILDING CONTRACTS

The principal terms of the First Shipbuilding Contract are set out below:

- Date: 28 June 2024
- Parties: The First Purchaser and the Seller
- Assets to be acquired: The First Vessel
- Contract price: Subject to certain provisions for adjustment to the contract price of the First Vessel contained in the First Shipbuilding Contract relating to, amongst other things, delay in delivery of the First Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the contract price for the First Vessel is US\$34,000,000 (approximately HK\$265,200,000) and is payable by the First Purchaser in five installments as follows:
- (1) the first installment in the sum of US\$3,400,000 (approximately HK\$26,520,000) shall become due and payable within seven banking days after receipt of the Refund Guarantee, covering the first installment to fourth installment;
 - (2) the second installment in the sum of US\$3,400,000 (approximately HK\$26,520,000) shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the cutting of the first steel plate of the First Vessel has taken place;
 - (3) the third installment in the sum of US\$3,400,000 (approximately HK\$26,520,000) shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the keel-laying of the First Vessel has taken place;
 - (4) the fourth installment in the sum of US\$3,400,000 (approximately HK\$26,520,000) shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the launching of the First Vessel has taken place; and
 - (5) the last installment in the sum of US\$20,400,000 (approximately HK\$159,120,000) shall become due and payable concurrently with delivery of the First Vessel on or before 31 December 2026.
- Expected delivery date: On or before 31 December 2026
- Other conditions:
- (1) In the event the First Shipbuilding Contract is terminated, rescinded or cancelled by the First Purchaser in accordance with the specific clause of First Shipbuilding Contract, the Seller shall refund to the First Purchaser in United States Dollars the full amount of all sums already paid by the First Purchaser together with interest. As security to the First Purchaser, the Seller shall deliver to the First Purchaser a Refund Guarantee to be issued by specified bank to guarantee the refund of such payments.
 - (2) The First Shipbuilding Contract is conditional upon the passing of ordinary resolutions by the Shareholders approving the acquisition of First Vessel in the general meeting of the Company.

The principal terms of the Second Shipbuilding Contract are set out below:

Date: 28 June 2024

Parties: The Second Purchaser and the Seller

Assets to be acquired: The Second Vessel

Contract price: Subject to certain provisions for adjustment to the contract price of the Second Vessel contained in the Second Shipbuilding Contract relating to, amongst other things, delay in delivery of the Second Vessel, guaranteed speed deficiency, guaranteed fuel consumption being exceeded or guaranteed deadweight deficiency, the contract price for the Second Vessel is US\$34,000,000 (approximately HK\$265,200,000) and is payable by the Second Purchaser in five installments as follows:

- (1) the first installment in the sum of US\$3,400,000 (approximately HK\$26,520,000) shall become due and payable within seven banking days after receipt of the Refund Guarantee, covering the first installment to fourth installment;
- (2) the second installment in the sum of US\$3,400,000 (approximately HK\$26,520,000) shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the cutting of the first steel plate of the Second Vessel has taken place;
- (3) the third installment in the sum of US\$3,400,000 (approximately HK\$26,520,000) shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the keel-laying of the Second Vessel has taken place;
- (4) the fourth installment in the sum of US\$3,400,000 (approximately HK\$26,520,000) shall become due and payable and be paid within seven banking days after receipt of written notice from Seller confirming the launching of the Second Vessel has taken place; and
- (5) the last installment in the sum of US\$20,400,000 (approximately HK\$159,120,000) shall become due and payable concurrently with delivery of the Second Vessel on or before 30 November 2027.

Expected delivery date: On or before 30 November 2027

- Other conditions:
- (1) In the event the Second Shipbuilding Contract is terminated, rescinded or cancelled by the Second Purchaser in accordance with the specific clause of Second Shipbuilding Contract, the Seller shall refund to the Second Purchaser in United States Dollars the full amount of all sums already paid by the Second Purchaser together with interest. As security to the Second Purchaser, the Seller shall deliver to the Second Purchaser a Refund Guarantee to be issued by specified bank to guarantee the refund of such payments.
 - (2) The Second Shipbuilding Contract is conditional upon the passing of ordinary resolutions by the Shareholders approving the acquisition of Second Vessel in the general meeting of the Company.

The total contract price of the First Vessel and the Second Vessel is US\$68,000,000 (approximately HK\$530,400,000), which will be payable by cash in United States Dollars. It is currently expected that approximately 70% of the total contract price will be funded by bank financing and the remaining will be funded by internal resources of the Group. The contract price of each of the First Vessel and the Second Vessel has been agreed on normal commercial terms and was determined after arm's length negotiations between the First Purchaser and the Second Purchaser with the Seller, taking into account the (i) quotations and delivery schedules provided by other shipyards for the construction of new vessels of similar type and size; and (ii) the quality of services and industry reputation of the Seller.

Delivery

If there is any delay in delivery of the First Vessel or the Second Vessel which continues for a period of 210 days from the thirty-first day after the agreed delivery date, then after such period has expired, the First Purchaser or the Second Purchaser (as the case may be) may at its option rescind the First Shipbuilding Contract or the Second Shipbuilding Contract (as the case may be). The Seller shall thereupon promptly refund to the First Purchaser or the Second Purchaser (as the case may be) in United States Dollars the full amount of all sums received by the Seller together with interest accrued thereon at banking deposit rate from the date of receipt by Seller of such amount to the date of full payment to the First Purchaser or the Second Purchaser (as the case may be) of such amount. The period of 210 days from the thirty-first day after the agreed delivery date is considered as industry practice under the shipbuilding business.

GUARANTEES BY JINHUI SHIPPING

Jinhui Shipping, the intermediate holding company of the First Purchaser and the Second Purchaser, shall execute, within 30 days after the signing of the First Shipbuilding Contract and the Second Shipbuilding Contract, guarantees in favour of the Seller pursuant to which Jinhui Shipping agrees to guarantee the full and punctual payment of the contract prices by the First Purchaser and the Second Purchaser in accordance with the terms of the First Shipbuilding Contract and the Second Shipbuilding Contract respectively.

REASONS FOR THE ACQUISITION OF TWO VESSELS

The Group's principal activities are international ship chartering and ship owning. Both the First Vessel and the Second Vessel are vessels of deadweight 63,500 metric tons. The Acquisition of Two Vessels is consistent with the Group's ongoing strategy to renew the fleet with modern, larger and high-quality vessels, by gradually phasing out its older vessels and replacing them with newer and younger vessels. The Directors believe that through such fleet optimization, the Group will be able to enhance its competitiveness in the maritime shipping industry and to cope with the market demand for its shipping services. Upon the completion of the Acquisition of Two Vessels, the First Vessel and the Second Vessel will be chartered out to third parties for the transportation of dry bulk commodities to receive charter hire and to generate recurring chartering freight and hire income for the Group. The Directors believe it is an opportune moment to further expand its fleet of vessels in order to increase operating income for the Group. The Group currently operates thirty three vessels, including twenty three owned vessels and ten chartered-in vessels, with total carrying capacity of approximately 2,024,000 metric tons.

In addition, the First Vessel and the Second Vessel are more fuel-efficient and of higher operational efficiency than the other bulk carriers of the Group currently in operation, which meets the latest environmental regulations and prevailing specification requirements in the shipping industry.

The Directors consider that the contract prices of the First Shipbuilding Contract and the Second Shipbuilding Contract are fair and reasonable and have been agreed on normal commercial terms following arm's length negotiations. The Directors consider such terms and conditions are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

Under the Listing Rules, each of the First Shipbuilding Contract and the Second Shipbuilding Contract constitutes a major transaction of the Company.

Under the Listing Rules, the Acquisition of Two Vessels constitutes a very substantial acquisition for the Company and is conditional upon the passing of ordinary resolutions by the Shareholders approving the Acquisition of Two Vessels in the general meeting. The General Meeting will be convened and held for the Shareholders to consider and, if thought fit, pass the ordinary resolutions to approve, among other things, the Acquisition of Two Vessels and the transactions contemplated thereunder.

Fairline Consultants Limited ("Fairline") and Timberfield Limited ("Timberfield") are closely allied group of shareholders who hold 205,325,568 Shares and 136,883,712 Shares respectively, and together hold 342,209,280 Shares which represent approximately 64.53% of the total issued shares of the Company and voting rights in general meetings of the Company as at date of this announcement. Fairline and Timberfield also hold 407,858 Jinhui Shipping Shares and 260,000 Jinhui Shipping Shares respectively, and together hold 667,858 Jinhui Shipping Shares which represent approximately 0.61% of the total issued shares of Jinhui Shipping as at date of this announcement. Mr. Ng Siu Fai, Chairman and executive director of the Company, is the major shareholder and beneficial owner of Fairline. Mr. Ng Kam Wah Thomas, Managing Director and executive director of the Company, is the sole beneficial owner of Timberfield. Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas are brothers and the two founders of the Group. Fairline and Timberfield are not interested in the Acquisition of Two Vessels other than through its shareholding interest in the Company and Jinhui Shipping. No Shareholder is required to abstain from voting on the Acquisition of Two Vessels if the Company were to convene a general meeting for the approval of the Acquisition of Two Vessels. Fairline and Timberfield have given to the Company the written irrevocable approval in relation to Acquisition of Two Vessels.

A circular containing, among other things, (i) further information on the First Shipbuilding Contract and the Second Shipbuilding Contract and the transactions contemplated thereunder, (ii) the notice of the General Meeting, and (iii) other information as required to be disclosed under the Listing Rules. The circular is expected to be despatched to the Shareholders on or before 22 July 2024 in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions of the following meanings were used:

“Acquisition of Two Vessels”	the acquisition of the First Vessel under the First Shipbuilding Contract and the acquisition of the Second Vessel under the Second Shipbuilding Contract;
“Board”	the board of Directors;
“Company”	Jinhui Holdings Company Limited, a company incorporated in Hong Kong, whose shares are listed on the Hong Kong Stock Exchange;
“Directors”	the directors of the Company;
“First Purchaser”	Jinhan Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“First Shipbuilding Contract”	the shipbuilding contract entered into between the First Purchaser and the Seller dated 28 June 2024 where the First Purchaser has agreed to purchase the First Vessel from the Seller and the Seller has agreed to design, build, launch, equip and complete the First Vessel, and to sell and deliver the First Vessel at the Seller’s shipyard to the First Purchaser;
“First Vessel”	a deadweight 63,500 metric tons type bulk carrier to be delivered on or before 31 December 2026;
“General Meeting”	a general meeting of the Company to be convened for approving the Acquisition of Two Vessels;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	person(s) (and in case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates within the meaning of the Listing Rules;
“Jinhui Shipping”	Jinhui Shipping and Transportation Limited, a limited liability company incorporated in Bermuda and an approximately 55.69% owned subsidiary of the Company as at date of this announcement, whose shares are listed on the Oslo Stock Exchange (stock code: JIN);
“Jinhui Shipping Shares”	ordinary shares of US\$0.05 each in the share capital of Jinhui Shipping;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Refund Guarantee(s)”	the guarantee(s) to be issued by the Seller’s bank in favour of each of the First Purchaser and the Second Purchaser respectively whereby the Seller’s bank will guarantee the refund of any sum received by Seller to each of the First Purchaser and the Second Purchaser respectively if the delivery of the First Vessel or the Second Vessel is not effected according to the agreed date of delivery respectively;
“Second Purchaser”	Jinming Marine Inc., a wholly-owned subsidiary of Jinhui Shipping;
“Second Shipbuilding Contract”	the shipbuilding contract entered into between the Second Purchaser and the Seller dated 28 June 2024 where the Second Purchaser has agreed to purchase the Second Vessel from the Seller and the Seller has agreed to design, build, launch, equip and complete the Second Vessel, and to sell and deliver the Second Vessel at the Seller’s shipyard to the Second Purchaser;
“Second Vessel”	a deadweight 63,500 metric tons type bulk carrier to be delivered on or before 30 November 2027;
“Seller”	Jiangsu Hantong Ship Heavy Industry Co., Ltd., a company incorporated in the People’s Republic of China;
“Shareholder(s)”	shareholder(s) of the Company;
“Shares”	ordinary shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong; and
“US\$”	United States Dollars, the lawful currency of the United States of America, and for the purpose of illustration only, translated into HK\$ at the rate of US\$1.00 = HK\$7.80.

By Order of the Board
Jinhui Holdings Company Limited
Ng Siu Fai
Chairman

Hong Kong, 28 June 2024

As at date of this announcement, the Executive Directors of the Company are Ng Siu Fai, Ng Kam Wah Thomas, Ng Ki Hung Frankie and Ho Suk Lin; and the Independent Non-executive Directors of the Company are Cui Jianhua, Tsui Che Yin Frank and William Yau.